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Changing U.S. Role in World Meat Trade

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This week's cover:

Cattle in U.S. stockyard are produced primarily for the domestic market, although U.S. meat and meat products worth nearly $375 million moved abroad in 1973. Sales of hides, skins, lard, and tallow pushed export gains to $1.6 billion. See article beginning on this page.

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The Changing U.S. Role in the WORLD MEAT TRADE

In a forthright review of the challenging world meat and livestock situation, David L. Hume, FAS Administrator, predicts that expanded world livestock production will be accompanied by continued growth in world meat demand, enlarging potential for international trade in meat and livestock. The United States—a net meat importer—could strengthen its export role in coming years, he suggests. These remarks were made to the Livestock Conference of the 55th Annual Meeting of the American Farm Bureau Federation, Atlantic City, N.J., January 14, 1974.

SOME REALLY significant changes relating to animal production and marketing have occurred in the past decade. It has become fairly commonplace to observe that as personal incomes rise and people become more affluent, they are likely to consume more red meat, particularly beef. This is true to such an extent that it has directly influenced livestock and poultry development programs all over the world.

Ten to 15 years ago, most of these programs were in the talk stage, or at most in the "paper" stage. But this has changed as resources of money and people have been added. In countries throughout the world, governmental policies have applied new muscle in many forms—from tax benefits to grass seeding, fertilizer application, water development, building construction subsidies, guaranteed prices, and external protection.

The effects of these actions—and others—are most apparent to us in the United States in the increased worldwide demand for all kinds of feedstuffs. Look at the expansion that has occurred in international trade in grains and soybeans and their products.

Countries that could not produce feedstuffs to take care of their own needs have turned to the world market for supplies to develop their own production of meat, milk, eggs, and poultry. This revolution is still going on, and in general it has been successful—in expanding the production of pork, poultry, and milk. Beef, however, is a different story.

In recent years, it has been apparent that the growing world demand for beef was not being satisfied by supplies available at the prices that prevailed. In the past 2 years, this disparity has come into sharp focus. Price rises in nearly all countries have established new records.

Various governmental actions to deal with the situation have included all the known methods plus quite a few new ones. Governments, depending on their individual position in the world beef trade, instituted consumer price ceilings and freezes—and higher producer price supports; consumption subsidies—and meatless days and weeks; lower tariffs—and higher export taxes; freer import quotas—and tighter export quotas; import subsidies—and export embargoes. All with the objective of increasing domestic supplies at lower consumer prices—and all counterproductive on a worldwide basis.

IT IS INTERESTING that the price advances for beef and the resulting turmoil in other countries actually preceded the squeeze in the United States. And as we observe other countries we think we can detect some additional changes taking place. Perhaps an old economic adage is in order—it is simply that high prices do two quite simple things: They decrease demand, and they increase supply. We are seeing some adjustment in demand, both in Europe and the United States, to the new price structure.

How does all this affect us in the United States?

Prior to the middle 1950's, the United States livestock industry operated within our domestic sphere and was barely

touched by what went on in the world—and the reverse was also true.

But this changed rapidly beginning in the mid-1950's. We started to import beef from New Zealand and then Australia, and a little later from others. Not only did we start buying more, but we started selling more, especially animal byproducts—hides, tallow, variety meats, and other products. In calendar 1972, we exported $900 million of livestock products and imported $1.7 billion worth.

In 1972, world production (excluding the People's Republic of China) of beef was 76 billion pounds. The United States produced nearly 23 billion pounds of this, so we had about 30 percent of world production. In pork the world produced 59 billion pounds and our contribution was just under 14 billion—or about 23 percent of world output.

World trade in beef in 1972 was 7.2 billion pounds (carcass weight basis)—small in relation to production, but growing. World trade in beef has grown from about 7.5 percent of production in 1964-68 to 9.5 percent in 1972.

PORK TRADE in the world was 4.1 billion pounds in 1972 and has shown a growth of 32 percent as compared with the 1964-68 average of 3.1 billion pounds. Almost all fresh and frozen pork is consumed within the producing countries or nearby, and the international trade—especially intercontinental—is largely in pork specialty products.

U.S. beef exports for 1972 were about 50 million pounds. Not much in relation to the size of our industry, but it does run into considerable value as most of the product is primal, subprimal, and cuts of Choice beef. This trade has expanded somewhat in the past year, to about 80 million pounds, largely because we have become price competitive.

A question often asked is why we do not export more beef. There are a number of reasons, including the following:

- Historically, the United States has been known as the high price market of the world. We attracted imports from those that could qualify and became known in world trade as an importer and not an exporter. With currency realinements and increasing demand abroad this price disadvantage has changed.

- Our industry, and that includes producers, packers, and all others, has not been sufficiently interested. The problem has been to produce for the home market and only a relatively few

Hereford calves (above) in feedlot on an Arizona farm will add to domestic meat supplies. Santa Gertrudis cattle (left) from Texas ranches are loaded for shipment to Latin America.

individuals and firms have shown an interest in exporting beef.

• Outside the United States, our product (grain-fattened Choice beef) is known and appreciated only in Canada and in a small but growing way in Japan. Few consumers in the rest of the world are acquainted with our commodity.

• Trade barriers are numerous—from meat inspection to tariffs, quotas, and levies. Many countries prefer to import raw materials rather than finished products, in order to utilize facilities and labor within their countries.

WHAT HAS BEEN done, over the years, to remove the obstacles to increased trade in U.S. beef? In 1964 and 1965, when we had an oversupply and low-price situation in this country, the Foreign Agricultural Service, assisted by industry, did some testing of overseas markets. We promoted restaurant and quick-service sales of steaks, roasts, and roast beef sandwiches in Europe and Japan. From that beginning have grown sales to Japan, the Caribbean, Singapore, Hong Kong, and European countries.

The biggest growth, however, has occurred in specialty meats and the by-products, hides and tallow. These continue to offer real opportunities for expansion. As for beef cuts, we believe that sales can be increased, but this will require real effort over a period of years.

Beef exports are not a total answer for all beef marketing problems—considering that world trade in beef is a small fraction of U.S. production. But foreign customers do make up another market that can grow and that can provide a price stimulus at times.

Exports of beef to Japan hold special promise. The Japanese have discovered that American beef closely resembles the highly marbled Kobe beef which is so coveted in Japan.

U.S. beef exports to Japan were a little over 1 million pounds in 1972. This total increased to an estimated 20 million pounds in 1973, and it may more than quadruple to over 80 million pounds this year. Australia will continue to be Japan's major source of beef imports, but the United States will continue to develop the high quality portion of the market.

This developing trade should appeal to producers and consumers alike. We import large quantities of manufacturing grade beef from countries such as Australia, which mainly goes into hamburgers, hot dogs, and luncheon meats. This serves to maintain the supply of those beef products that are most sought after by Americans possessing moderate incomes.

Our exports of the more expensive grades of beef to Japan help to partially offset the balance of payments outflow from our imports and also upgrades our exports.

When the Japanese buy a pound of U.S. prime beef they are also purchasing the American labor that goes into producing the corn and into managing the feedlots where the beef is grown. These exports result in the importation of jobs into the United States—just the reverse of the oft-heard complaint about the export of jobs to cheap labor markets in foreign countries.

There is no commodity where passions and prejudices are more apt to center than in the case of meat, particularly beef. In the past year—at different times—we have seen consumer boycotts and consumer hoarding. We have seen pressures for export controls on meat—and for import controls on meat. There has been pressure to import more beef—and to export more beef. All in 1 year—1 mixed-up year.

". . . exports of livestock products were more than $1.6 billion (in 1973), against the approximately $2.3 billion worth of meat and meat products that we imported. Net imports . . . amounted to only 4 percent of the meat consumed in this country."

It is easy for consumers to convince themselves that if the United States did not export, food would be cheap, other nations would look after themselves, and the American supermarket patron would be altogether happy and problem-free.

Those who voice these sentiments overlook the fact that we import four times as much meat and meat products as we export—and that American consumers have the most to lose from any policy of restricting trade.

But what about producers? In recent weeks, we have heard new urgings from producers that we expand our export programs to bring about more overseas sales of American meat, especially beef.

On the other hand, producers who call for new trade restrictions may be overlooking the fact that we exported nearly $350 million worth of meat and meat products in 1973. They may not consider the fact that we exported about $375 million worth of hides and skins (excluding furskins) and about $340 million worth of lard and beef tallow.

All in all, our exports of livestock products were more than $1.6 billion against the approximately $2.3 billion worth of meat and meat products that we imported.

IT IS ALSO IMPORTANT to remember that our net imports of meat including poultry in the year just ended amounted to only 4 percent of the meat consumed in this country. Of the meats covered by the 1964 Meat Import Law, we have estimated 1973 imports at 1,354 million pounds—about the same as in the preceding year. In 1974, imports of these meats—mostly fresh and frozen beef and mutton—are estimated about 15 percent higher, but this will still be a small percentage of the total growth in supply expected this year.

Where do we go in this entire animal complex? It is difficult to know. Cattle expansion and development programs will undoubtedly continue around the world. But a lot of people are also demanding more beef. Countries such as Brazil that are expanding beef output, hoping to export, are running into problems satisfying their own people. Japan, along with some other countries, simply does not have the land areas to expand beef production enough to satisfy its needs. In other words, we think the trade in beef will grow.

We believe the pressure for feedstuffs for livestock development will continue, both in the United States and other supplying countries.

We need to follow very closely the performance of livestock programs both here and abroad. The livestock industry has been subject to some difficult swings in supply and price. There will continue to be some cyclical variations.

But for the long term, there is the prospect of increased livestock production in the world, together with a continued growth in the demand for meat, as world populations express their desire for more protein, more quality, more variety in their diets.

World Sugar Supply Still Tight in 1974

By LESLIE C. HURT
Sugar and Tropical Products Division
Foreign Agricultural Service

World sugar enters 1974 with the situation wide open. Supplies are tight, demand is booming, and most of the major sugar agreements are expiring and subject to renegotiation. Prices have just hit their highest point since 1920, and the energy problem, too, is likely to make its mark.

World sugar production in 1973-74 is estimated at a record high of 82 million metric tons, an amount reflecting favorable weather conditions in most major producing areas. Brazil—due to its expanded output—and the USSR—because of favorable weather for the past 2 years—saw the biggest increases in 1973-74 sugar production, while Argentina, India, and Mexico all reported substantial gains. A decline in beet sugar production pulled 1973-74 sugar output in the United States below the previous year's level.

Although at an alltime high, total sugar production in 1973-74 may be only about 1-2 million tons above consumption, which is increasing at a yearly rate of 2-3 percent. Because carryover stocks at the end of the 1972-73 year were only about 15 million tons, the supply situation is expected to remain tight.

Higher world sugar prices in 1972-73 have not resulted so far, however, in a real investment boom for sugar production. Mill capacity is adequate at the present time, but more processing plants will be needed to keep up with future requirements. During the past year, the International Bank for Reconstruction and Development has made plans to grant loans in developing countries for sugar mill construction.

Several major producing countries are considering expanding sugar production. Brazil, using a $220 million fund authorized by the National Monetary Council of Brazil through the Bank of Brazil, has been merging and relocating mills. The Philippines, with one additional mill in operation for 1973-74, has surveyed about seven areas that could be used in growing sugarcane.

Cautious expansion plans are being worked out for the Republic of South Africa, where sugar production will be increased gradually. Although it is capable of dramatic expansion, Australia is also using restraint.

In the next 3 years Mexico plans to increase its sugar production by one-third and Indonesia intends to double its output. Several smaller producing countries are expected to expand sugar production, but much of this increase will be used for domestic consumption rather than world trade.

The energy problem is another uncertain factor in the world sugar market. If shipping is curtailed due to lack of fuel, unplanned-for shortages would occur and the pattern of trade change. During the latter part of 1973 some ocean freight rates rose sharply, making sugar more expensive for importing countries. During 1973, however, insurance and freight costs for shipping sugar from Caribbean or Brazilian ports amounted to less than 1 cent per pound. Because of the inelastic demand for sugar, increased shipping charges would have little effect upon quantities imported.

International and domestic programs are probably the biggest question mark in the 1974 world sugar picture. Beginning in 1974 the International Sugar Agreement for the first time in 5 years will contain no economic provisions. While quotas were suspended for calendar 1972 and 1973, there was a supply commitment on a member-to-member basis under the agreement. Large quantities of sugar were delivered at a supply commitment price—a rate well below the world sugar price and of particular benefit to recipient countries. In 1974 there will be no such shipments, and world trade in sugar will be on a much freer basis.

With the expiration of the Commonwealth Sugar Agreement at the end of 1974—an important factor in this year's sugar outlook—the European Community (EC) will be revising the Common Agricultural Policy for sugar. A primary question the new policy must deal with is what amounts of sugar can be shipped to the United Kingdom by Commonwealth suppliers. In its solution the EC needs to look at the relative production costs of cane sugar and beet sugar. Claims of advantage have been made by producers of both. Cane sugar suppliers want to continue to furnish usual amounts to the United Kingdom, while France hopes to produce more beet sugar with the U.K. market in mind.

Under the expiring agreement, the Negotiated Price Quota was 1.7 million long tons. One proposal under consideration sets the quota for Commonwealth suppliers at 1.3 million tons, and omits Australia from the supplying countries. The policy adopted will be of particular interest to suppliers such as the West Indies and Guyana—whose sugar producers over the years have given priority to shipments to the United Kingdom—and also Maritius, Fiji Islands, Swaziland, Congo (Brazzaville), and Malagasy.

The United States Sugar Act will also expire at the end of 1974. Proposals for the replacement or modification of the program are expected during the first half of 1974.

In July 1974 the Laurel-Langley Agreement between the United States and the Philippines expires. This treaty stipulates that the Philippines can ship 980,000 short tons of sugar per year to the United States. In recent years the Philippine quota under the United States Sugar Act has exceeded this amount, as in 1973, for example, when the United States received some 1,463,000 short tons of sugar from the Philippines.

SUGAR: UNITED STATES AND WORLD PRICES
[Cents per pound]

Year	New York raws duty paid [1]	World raws [2]	Retail U.S. (refined) [3]
1964	6.90	5.87	12.81
1965	6.75	2.12	11.80
1966	6.99	1.86	12.04
1967	7.28	1.99	12.19
1968	7.52	1.98	12.18
1969	7.75	3.37	12.40
1970	8.07	3.75	12.97
1971	8.52	4.53	13.61
1972	9.09	7.43	13.91
1973	10.37	9.61	[4] 15.11

[1] Bulk basis, includes duty paid of 0.625 cents per pound. [2] F.O.B. and stowed at Greater Caribbean Ports, including Brazil. [3] Retail Price in selected cities for sugar in 5 lb. packages. [4] Preliminary.

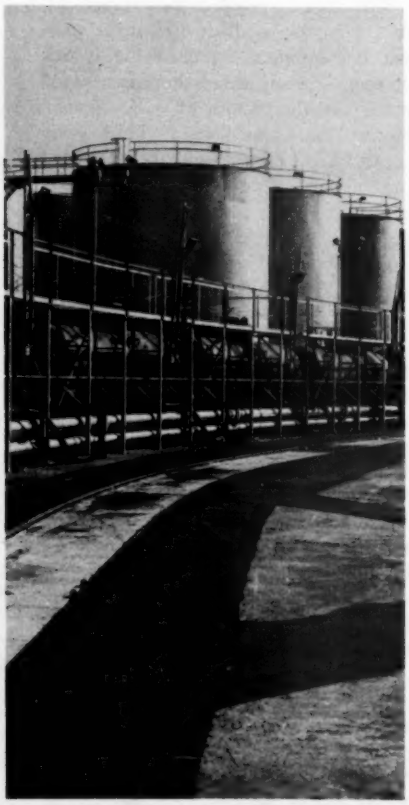
This article is based on a speech delivered by Mr. Hurt on December 19, 1973 at the 1974 National Agricultural Outlook Conference.

World Fats and Oils Supplies Headed for Major Recovery

By ALAN E. HOLZ
Fats and Oils Division
Foreign Agricultural Service

IN 1974, WORLD production of vegetable, animal, and marine fats and oils, largely for food use, is expected to stage a major recovery to far surpass last year's depressed output. The expected gain should more than satisfy world requirements, so that many countries, including the United States, can replenish reserves that were virtually wiped out last year.

World fats and oils availability is forecast to rise to 45.7 million metric tons this year, exceeding last year's production by 3.4 million tons. This forecast is based on assumed oil extraction rates, applied to the part of each crop that is available for crushing or export.



Young Malaysian oil palms, top left, supply oil to world markets. Spanish promotion, left, features U.S. soybean oil. Tank cars, above, move U.S. soybean oil to ports.

If the 1974 projections materialize, prices could moderate this year. Since world consumption is slated to grow by only about a million tons, the 3.4-million-ton gain in production will allow both importing and exporting countries to meet their needs and rebuild stocks.

In 1973, oil prices were pressured to unprecedented highs by shortfalls in Peruvian fish oil, Indian peanuts, Soviet sunflowerseed, and Philippine copra, as well as reduced U.S. output of lard, tallow, and greases.

The vast majority of 1974's expected increase—80 percent or 2.8 million tons—will be from more abundant supplies of edible vegetable oils. For soybean oil alone, the gain could total 1.7 million tons—about half of the overall rise in total supplies.

The forecast assumes, however, that U.S. soybean production approximates the 1,575 million bushels estimated in November 1973. It also is based on a Brazilian soybean harvest of 6 million tons in 1974, a Soviet sunflowerseed crop in 1973 of 6 million tons (adjusted for dockage), expansion of palm oil output, a further decline in Philippine coconut output, and some recovery in world production of animal fats and fish oil.

In the United States, fats and oils production—spearheaded by a record soybean crop—could reach 12.1 million tons, 1.4 million tons more than last year. This means the United States would account for a record 26.5 percent of total world output, as well as 41 percent of the overall world increase.

A sharp recovery in world exports is indicated. Exports are forecast at 13.8 million tons—850,000 tons ahead of 1973's estimated volume. Despite reduced production, exports in 1973 were only 71,000 tons below the previous year's.

At the volume anticipated, the increase in exports this year would be more than double the annual trendline gain of 400,000 tons.

Fats and oils exports from the United States in 1974 are estimated at about 4.9 million tons—nearly 300,000 tons above last year's volume. In 1973, U.S. exports were estimated to have increased by roughly 100,000 tons, thus helping to offset the 170,000-ton shortfall in foreign exports.

World consumption of fats and oils in 1974 is slated to expand by just over

1 million tons. About two-thirds of the increase in consumption availabilities—or about 2.3 million tons—is expected to occur in the foreign sector. Supplies available for foreign consumption declined by 390,000 tons last year.

As a result of the large shortfall in foreign production in 1973, exports were sharply reduced, giving rise to new import demand in certain countries such as the Soviet Union and People's Republic of China. These unique market factors in turn stimulated some precautionary purchases by traditional importers and reduced stocks in the major exporting countries, particularly the United States.

During this period a number of foreign currencies were revalued against the U.S. dollar, thus stimulating U.S. exports by allowing foreign consumers to bid higher prices for U.S. products.

This culminated in a major price explosion in world markets with soaring food prices, scarce supplies, and export control measures in several major producer-exporter countries.

ON THE HEELS of these dilemmas, a serious new problem has emerged—the energy shortage. Although preliminary field reports from 40 or more countries indicate that availabilities of hexane for solvent extraction had not been a serious problem through mid-December, scarce supplies of petroleum have caused some transport delays. But with some reordering of priorities, future difficulties could be minimized.

What are the possible effects of an energy shortage? First, some of those in the market, anticipating the problem, are trying to compensate by making heavier advance commitments. Second, the effects of a shortage might not have equal impact domestically and abroad. Because of U.S. policies on bunker oil, exporters in this country may be affected less than some foreign competitors.

U.S. processors could also benefit if foreign competitors were forced to curtail crushings. This could boost export demand for finished products relative to raw materials. If the energy shortage persists for an extended period, a possible reduction in consumer incomes could impair demand. However, because the demand for fats and oils is relatively inelastic, no substantial loss in consumption is anticipated.

To the extent that the energy crisis does continue to be a problem, demand for meal could be affected more than oil demand. Dampened demand for meal would then restrict growth in crushings, thus limiting supplies of oils.

Inelastic demand and relatively small storage facilities in net importing countries have during periods of short or abundant supply caused prices to vary sharply from the long-term trend. Per capita oil consumption growth is positively correlated with expanding per capita incomes among the developing countries. However, this relationship has not proven to be very strong or steady as an element of demand in price formulation.

Neither have sharp increases in oil output in some developing countries generated any sharp increase in demand within those countries, since virtually all of such increases appear to be moving to the developed countries.

U.S. net exports have supplied a generally increasing part of foreign oil consumption. This proportion may approximate 11 percent in 1974. Domestic consumption of fats and oils in the United States has accounted for nearly three-fifths of the U.S. output, with the remaining 40 percent or more moving into foreign consumption.

IN THE LONG RUN, above-trend production expansion combined with relatively inelastic demand could depress prices substantially below current levels. Since world population growth is projected at 2 percent a year during the 1970's—almost unchanged from the 1960's—total world consumption is likely to continue the past trend.

Moreover, much of the projected increase in oil output will be relatively unresponsive to price prospects. Strong demand for livestock products will continue to generate expanding high protein meal demand—satisfied largely by soybeans, which also produce oil. Correspondingly, the indicated expansion in livestock output brings with it increased byproduct output of animal fats.

In addition, the expansion in palm oil that has already begun is likely to continue, since large numbers of trees already planted will come into production and are therefore immune to annual price variations.

PRODUCTION AND EXPORTS OF EDIBLE FATS AND OILS [1]
[In million metric tons]

Item	United States		Foreign		World		Soybean		Other	
	Actual	Change	Actual	Change	Actual	Change	Actual	Change	Actual	Change
Fats and Oils:										
Production [2]:										
1970	10.33	[3] +0.27	28.98	[3] +0.76	39.31	[3] +1.03	6.02	[3] +0.29	33.29	[3] +0.74
1971	10.44	+.11	31.16	+2.18	41.60	+2.29	6.18	+.16	35.42	+2.13
1972	10.37	−.07	32.50	+1.34	42.87	+1.27	6.62	+.44	36.25	+.83
1973 [4]	10.71	+.34	31.63	−.87	42.34	−.53	7.31	+.69	35.03	−1.22
1974 [5]	12.09	+1.38	33.61	+1.98	45.70	+3.36	8.94	+1.63	36.76	+1.73
Exports [6]:										
1970	4.32	[3] +.17	7.47	[3] +.23	11.79	[3] +.40	2.94	[3] +.15	8.85	[3] +.25
1971	4.59	+.27	7.76	+.29	12.35	+.56	2.98	+.04	9.37	+.52
1972	4.47	−.12	8.57	+.81	13.04	+.69	3.04	+.06	10.00	+.63
1973 [4]	4.57	+.10	8.40	−.17	12.97	−.07	3.35	+.31	9.62	−.38
1974 [5]	4.86	+.29	8.96	+.56	13.82	+.85	3.90	+.55	9.92	+.30

[1] Includes the oil equivalent of oilseeds, animal fats, and marine oils. [2] Oil production estimated on the basis of average assumed extraction rates and crushings and therefore represents potential rather than actual oil production. [3] Calculated annual increase based on linear trend, 1960-72. [4] Preliminary. [5] Forecast. [6] Includes the oil equivalent of exported oilbearing materials.

U.S. Leaf Prospects in Colombia Good—Future Outlook Uncertain

By ROBERT W. JOHNSON
Tobacco Division
Foreign Agricultural Service

BIG CHANGES in the Colombian market for U.S. tobacco are underway. U.S. cigarette exports to this market, accounting for about 8 percent of total Colombian consumption, have virtually stopped. This sudden loss in U.S. exports is the result of the Colombian Government's decision in early 1973 to increase the tariff on imported cigarettes from 35 percent to 100 percent ad valorem and to reduce the tariff on light leaf tobacco from 50 percent to only 1 percent.

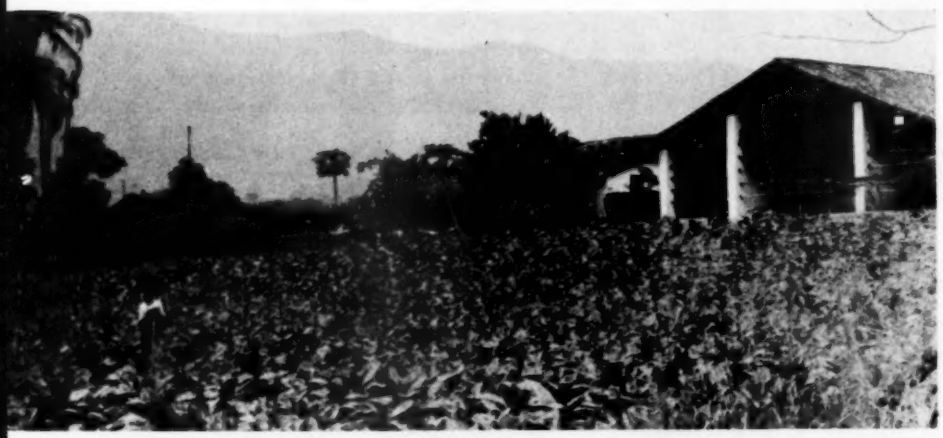
A good potential market continues to exist, for the short term at least, for U.S.-type cigarette brands which have proven popularity in Colombia. Approximately 4 million pounds of imported tobacco will be needed to produce domestically enough U.S.-type brands to replace the nearly 2 billion imported U.S. cigarettes Colombians consume each year.

Production of these brands by Colombian firms under license to U.S. firms began in August 1973, and initially will contain large proportions of U.S. tobacco. However, import restrictions are expected to be applied at a later time to encourage greater use of Colombian leaf in place of U.S. leaf. If this occurs, U.S. tobacco leaf exports to Colombia in all probability will slacken significantly.

Colombia is Latin America's third largest and the world's sixth largest producer of dark air-cured tobacco. But light tobacco production is relatively small. The 1973 total tobacco crop in Colombia was 107 million pounds—dark air-cured accounted for 102 million pounds and light flue and burley was 5 million pounds. Production of the latter types averaged only 333,000 pounds for 1950-54 but increased to an average of 4.3 million pounds for 1971-73. Continued increased production of light flue and burley is expected as consumers switch from dark to light tobacco cigarettes.

Total cigarette consumption in Colombia in 1972 is estimated at 20.8 billion pieces. For persons 18 years and over this represents about 2,000 cigarettes per capita annually, compared with 4,000 cigarettes in the United States. Around 8 percent of total Colombian consumption has been U.S.-produced light tobacco cigarettes and the balance domestically produced cigarettes made primarily with dark tobacco. Nonfilter cigarettes account for about 90 percent of total Colombian sales, compared with 20 percent in the United States.

Prices of domestically produced Colombian cigarettes range from 7 U.S. cents per pack of 18 for the largest selling dark cigarette brand to 17 U.S.



Tobacco field and curing shed, top. Cigar tobacco, above, is planted in clearing high in the Andes Mountains at Bucaramanga, Colombia.

COLOMBIA: ESTIMATED PRODUCTION OF TOBACCO BY KIND, AVERAGES 1950-69, ANNUAL 1965-72
[In 1,000 pounds]

Average and year	Dark air-cured	Cigar	Other [1]	Total
Average:				
1950-54	41,666	7,560	333	49,559
1955-59	70,724	9,665	([2])	80,389
1960-64	58,566	17,326	1,058	76,950
Annual:				
1965	49,398	36,817	2,388	88,603
1966	52,690	42,394	2,470	97,554
1967	53,792	37,699	2,205	93,696
1968	52,469	36,817	2,205	91,491
1969	52,029	40,124	3,747	95,900
1970	55,115	38,029	3,858	97,002
1971	52,800	39,132	3,968	95,900
1972	49,163	35,274	3,747	88,184
1973	58,056	43,796	5,071	106,973

[1] Mostly flue-cured and burley. [2] Not reported.

cents per 20 for cigarettes made with 100 percent domestically produced flue and burley. Prior to imposition of the higher duty, imported U.S. cigarettes sold for about 35-43 U.S. cents per pack of 20.

Colombia's relatively low per capita cigarette consumption is partly accounted for by its comparatively high per capita use of cigars. On a per capita basis, Colombians are believed to smoke more cigars than any other people in Latin America. Annual per capita consumption for males 18 years old and over is estimated at 300 cigars, compared with 110 (large cigars and cigarillos) in the United States.

Cigars are made from the same basic type tobacco as dark cigarettes but, in general, the tobacco used for cigars is of higher quality. About 40 percent of Colombia's total dark air-cured tobacco is considered to be cigar tobacco and the balance is more suitable for making cigarettes.

Exports take about one-third of the Colombian dark air-cured crop, primarily to West Germany, the United States, Spain, and France. The average price of dark tobacco exports in 1972 was 41 U.S. cents per pound, up substantially from the 1971 average of 28 cents per pound and the 1970 average of 26 cents.

Producer prices averaged about 20 U.S. cents per pound for the 1972-73 crop of dark air-cured tobacco. Wrapper leaves at about US$1 a kilogram, or 45 cents per pound, brought the highest price. Next was cigar filler at about 42 cents per kilogram or 19 cents per pound. And third, dark cigarette tobacco brought 37 cents per kilogram or 17 cents per pound.

Prices almost double those paid dark air-cured producers went to growers of Virginia-type flue-cured leaf. On an average, these producers received about 88 U.S. cents per kilogram or about 40 U.S. cents per pound. Virginia-type flue-cured leaf is produced in a different area of Colombia than dark air-cured tobacco.

Currently, the short-term outlook for U.S. leaf tobacco exports to Colombia is good, but for the longer term, the picture is uncertain. If the trend continues for Colombian smokers to switch from dark to light cigarettes, combined with a strong demand for Colombia's dark tobacco exports, a strong long-term demand for U.S. leaf in Colombia is a good possibility.

European Onion Growers Expect Second Good Year if Prices Remain Firm

High onion prices during the 1972-73 season (July 1-June 30), prompted European farmers to plant more onion area in the current season, and an increase in output is expected, according to a recent report by the Dutch Product Board for Fruits and Vegetables. However, the Board said, production will probably not rise as much in some countries as anticipated because many growers, recalling the record low prices received two seasons ago, kept 1973-74 acreage at about the 1971-72 level. Additionally, yields per acre will be lower because of the dry summer of 1973.

International onion trade as of early November 1973 was more intense than in the previous season. Heavy sales by the Netherlands, Czechoslovakia, and Italy helped keep stocks at about the same level as in October 1972, the Board said.

The outlook is unclear at the present time, although recent Dutch onion prices were only slightly below last year's high level. This may, in part, be because of the movement in trade of better quality onions. In most competing European countries, the price spread between the 2 years is wider than in the Netherlands. However, in these countries, last year's prices were higher than Dutch prices.

West European onion stocks are large, but there is an accompanying strong demand. Indications are that the West European onion industry will have its second good year if prices do not weaken.

As in the rest of Western Europe, **Netherlands** growers responded to the price situation by increasing onion area in 1973-74 to 22,280 acres, 23 percent greater than the 18,180 acres of the previous season, but less than the 23,850 acres planted in 1971-72.

In 1973-74, 2,890 acres of total onion area was grown under contract. Contracted area in the previous season was about 800 acres less.

The 1973-74 Dutch harvest has been finished and preliminary data indicated a yield of about 15 metric tons of onions per acre. This compares with 17 metric tons in 1972-73 and 16 metric tons the season before. In addition to the drought that cut yields of most other European producers, Netherlands outturn was also affected by frost.

Total Dutch onion production in 1973-74 is estimated at 329,000 metric tons, an 8-percent increase over the previous year's harvest of 305,000 metric tons. In 1971-72, 401,000 tons were harvested.

Exports between July 1 and October 6, 1973, were up some 30 percent higher than the same period the previous year—99,100 tons compared with 75,800. It was expected that after October 6, 1973, another 190,000 metric tons of Dutch onions will have to be exported to get rid of existing stocks. This would be the quantity that was exported in the same period the previous year.

If prices remain firm, Dutch onion growers will have another good year. However, much depends on storage losses and competition from other exporting countries.

West Germany's onion production is practically negligible and amounts to only 3 percent of all onions consumed in the country. The Netherlands and Czechoslovakia are West Germany's most important suppliers.

West Germany's imports from the Netherlands have fluctuated from 134,000 metric tons in 1970-71, to 154,000 the following season, and to 121,000 in 1972-73. On the other hand, Czechoslovakia's shipments have trended upward from 27,000 metric tons in 1970-71 to 36,000 tons in 1972-73. In percentages of total imports, the Netherlands provides 49 percent, while Czechoslovakia provides 11 percent. Other onion sources for the West German market are Spain, Egypt, Poland, Italy, and Hungary.

During the period between July 1 and October 15, 1973, total West German imports were at a record high, reaching 102,500 tons. This was 21 percent greater than imports during the comparable period 1 year earlier.

During that period shipments from the Netherlands—at 55,700 tons—were 42 percent higher than the 39,100 tons imported during the same months 1 year earlier, while those from Czechoslovakia, at 21,500 tons were 24 percent greater. Imports from Italy were also up by 34 percent to 10,100 tons, while shipments from all other major sup-

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Guatemalan Cattlemen Carry on Pace-Setting Breeding Operations

By JOHN C. McDONALD
U.S. Agricultural Attaché
Guatemala

IN LATIN AMERICA, livestock are fed on grass. And because in many countries of the region there are sharply-delineated dry and wet seasons—you do not see a drop of rain for 6 months, and then one day it begins to rain for 6 months. The beef cattle population eats well for half the year and barely survives the other half—if it is lucky.

Few cattlemen pursue even such a rudimentary practice as storing hay against the dry season. In Brazil, for example, home of the largest cattle herd in the Americas, beef animals traditionally have come to slaughter weight only after 4 to 6 years on a gain-loss pendulum that sees them growing when the grass is good and shrinking when it is not.

There are scattered signs of change today. Very slowly at first, but faster now, the "why-bother?" attitude is changing. World demand for more and more beef at almost any price is beginning to set cattlemen thinking about how they can get a faster turnover from their animals and a steadier flow of cash into their pockets. They note that efficient producers are rewarded for providing feed for all seasons, and for supplementing it with occasional proteins and vitamins even when the range is at its best.

For purposes of illustration, let us look at one of the several large, efficient purebred and commercial beef operations in Guatemala.

This one happens to specialize in F-1 (first) crosses of purebred Angus bulls on Brahman- or Zebu-type *criollas*. There are others, of course. A competing breeder who prefers Santa Gertrudis has 2,000 registered animals and some 16,000 more with predominantly Santa Gertrudis blood. Still another breeder, who owns the largest beef herd in the country, uses Brahmans and several other breeds for his crossing program. All three are expanding their confinement feeding operations, and one of them is a partner in the construction of a new packing plant.

Industrias Agrícolas Centroamericanas (IAC), S. A., is owned by brewery interests which nearly a century ago began dairy farming in the highlands (at 5,600 feet) as an outlet for brewers' spent rice and barley. In 1964, following the launching 2 years earlier of a program of importing high quality Angus heifers from the United States, IAC bought a starch plant at Tiquisate, on Guatemala's Pacific coastal plain, using plant wastes, mostly cassava, as beef animal feed.

That same year they began a cross breeding program with Angus bulls and grade Brahman females. In 1967, they went into a full-scale crossing program with Angus and Brahmans and moved it to the coast upon purchasing a new ranch, Finca Verapaz. They further expanded their contiguous ranch holdings to 5,000 acres—60 percent of it irrigated pasture—with the purchase of Finca Izabal in 1969 and Finca Africa in 1972, meantime increasing herd numbers. Today IAC has more than 10,000 head of beef cattle and breeds 5,000 females a year. All F-1 progeny are sold.

ING. EDUARDO A. CASTILLO, president of IAC, says he has been using Charolais, Hereford, and Holstein bulls on F-1 heifers this year, but in 1974 will turn to F-1 bulls, which have been successful in other programs. Generally, heifers have only a single opportunity to breed; if they do not become pregnant the first time, they are sent to slaughter. Cows get a second chance if the breeding ratio falls below 80 percent for the herd.

IAC continues to raise registered Angus cattle on 1,000 acres at the original ranch, Finca Agua Tibia, in the highlands. There, 500 females are dedicated to producing bulls for the commercial operation under what are said to be ideal conditions—about 70 inches of rain annually and a mean temperature of 66° F. The cows are rotated (1.88 units per acre) on Kikuyu pastures. Artificial insemination is used in the registered herd. Female offspring are assimilated into the herd and are readied at 19 to 26 months for the next breeding period, from June 1 to September 15. The young bulls, carefully fed and managed for their first 10 months, are transferred at that age to the commercial herd on the coast.

Tropical conditions prevail at the coastal ranch where the mean temperature is 77, yearly rainfall is 59 inches, and the altitude is about 160 feet. There, the grazing land is divided into 15 pangola pastures of 31 acres each; each lot of cattle (about 875 cows or 930 to 1,100 young bulls or heifers) is grazed for 2 days in each of the pastures, or 30 days per rotation. Pastures planted to African Star or Swannee grass are on a 22-day rotation pattern. All are fertilized during the winter with 410 pounds of ammonium nitrate per acre, as is the Kikuyu grass in the highlands.

Basically the commercial livestock program consists of exploiting the gainability realized from crossing Angus bulls with Brahman females or with domestic criollas of a high percentage of Zebu blood. Crossed with British breeds, these females produce an F-1 progeny of extreme hybrid vigor, Mr. Castillo says.

The fattening pattern goes like this. After weaning, a steer is grazed until it reaches 800 pounds—average age being 19 months—and then is put into a feedlot for 105 days on cassava meal and supplements at the rate of 2.0 pounds for each 100 pounds of his own weight. Theoretically, he will gain 2.87 pounds daily on this diet of concentrates plus grass, molasses, and other supplements, but in actual practice the gain ranges from 3.0 to 3.3 pounds and his marketing weight is 1,050 to 1,100 pounds.

Mr. Castillo calculates that the feedlot-fattened steer has consumed about $49 worth of concentrate, but brings an additional $64 at the packing house (he weighs 120 pounds more than his grass-fed counterpart and the packers pay a 4-cent per pound premium on total weight). The $15 additional revenue makes extra care and cost worthwhile. There are two other benefits, he says. The higher-quality meat of the grain-fed steer creates its own demand for more of the same product, and sale at 19 months allows coordination of the reproductive cycle which otherwise, if fattening took more than 12 months, would be distorted.

CROPS AND MARKETS

LIVESTOCK AND MEAT PRODUCTS

Italians Refuse Meat Sprayed With Chlorine

Unilateral action by the Italian meat inspection service resulted in rejection of a beef shipment by a U.S. exporting firm. The Italian action was accompanied by a statement indicating carcasses sprayed with chlorine are not acceptable in Italy. This is standard practice in the United States and was not thought to be a problem on exports.

It is not anticipated that the remaining EC-9 members are planning to follow suit.

The Animal Plant and Health Inspection Service is to inform all U.S. plants and inspectors that chlorine spray is not to be used on any future shipments to Italy.

The Italians also objected to use of red stamp ink instead of purple.

U.K. Plans $2.26 Million Meat Sales Campaign

National Farmers Union (NFU) meat producers will finance a campaign to boost consumption of beef, lamb, and pork in the United Kingdom. Talks are slated to be held early

SOYBEANS PART OF EC COMMISSION'S NEW CAP SUPPORT PRICE PROPOSALS

On January 17, 1974, the European Community (EC) Commission submitted to the EC Council and to the European Parliament its proposals for 1974-75 Common Agricultural Policy (CAP) support prices. Following in some respects Commission recommendations for improving the CAP, submitted October 31, 1973, the new proposals—now being considered——would raise some CAP support prices by an average of 7 percent, while grain support prices would be raised by an average of 4 percent. Soybeans would also be added to the CAP.

Soybeans. According to the Commission's proposal, soybeans would be subject to certain provisions of the basic CAP for fats and oils (regulation No. 136/66). There would be a target price of 220 units of account (u.a.) or $265 per metric ton. (1 u.a. = US$1.20635.) Whenever world market prices fall below the target price, deficiency payments would be made to soybean growers equal to the difference between these two prices.

It was also proposed there be no intervention price, hence provisions of regulation No. 136/66 covering intervention prices would not apply to soybeans. There would also be no import control measures or import charges. In contrast to the CAP for rapeseed, which requires import certificates—including surety deposits to distinguish imported from domestic seed—only domestic soybeans would be subject to control certificates in order to identify them as being eligible for deficiency payments.

The new CAP for soybeans would come into effect on November 1, 1974.

The Commission called for a 6-percent increase in sunflowerseed prices and special per-hectare subsidies for alfalfa and feed peas.

Grain. A 4-percent increase in target prices was asked for barley, rye, and rice; 2 percent for soft wheat and 6 percent for corn. No change was sought in EC intervention prices except for corn (up 6 percent) and barley (down 1.3 percent). The proposal also recommended regional intervention prices for barley be replaced by a single intervention price and the deficiency payments scheme for Durum be offset by increases of 36 and 31 percent, respectively, in its target and intervention prices. The new intervention price would be about 1 percent above the previous "guaranteed" price.

The thrust of these proposals is to increase the level of potential protection against imports without appreciably increasing support-price levels. At the present time, EC grain prices are below world prices.

Livestock and dairy products. Increases of 10 and 8 percent were recommended for beef and pork, 4 percent for milk, and 15 percent for nonfat dry milk powder, but a 6.6-percent cut in the butter intervention price.

As was the case last year when butter prices were lowered by 5 percent, the object of the proposal is to make it less expensive to dispose of butter surpluses without hurting returns to milk producers.

Tobacco. The Commission also proposed higher target and intervention prices for 1974 crop tobaccos. The proposed increases range from less than 3 percent for oriental varieties to as much as 11 percent for certain varieties of burley.

Prices for those varieties which compete most directly with U.S. leaf would be increased as follows: burley I, 3.4 percent; Bright (flue-cured), 6.9 percent; Maryland, 8 percent; Kentucky, 8.3 percent.

Buyers' premiums would remain unchanged except for Maryland for which a 23-percent reduction is proposed. On competing varieties, the premiums range from 37 percent to 64 percent of the corresponding intervention price.

Miscellaneous. Price increases of 6 percent were proposed for sugar, olive oil, and wine; 4 percent for rapeseed.

this year between all sections of the meat trade and the Meat and Livestock Commission on how the promotion program is to be conducted.

It is anticipated that a statutory levy placed on the producer will be necessary to raise the US$2.26 million needed. Livestock producers would pay 45 cents per head for cattle, 11 cents per head for pigs, and 7 cents per head for sheep. Levies would be collected at the point of slaughter under the present Meat and Livestock Commission levy collection system.

The need for meat promotion is considered to be extremely important as Government figures now indicate there is currently less beef, lamb, and pork being consumed per capita in the United Kingdom than 20 years ago. Population, in the meantime, has increased considerably. This would tend to indicate either that less meat is being consumed per person or there has been a switch to white meat, such as poultry.

Ireland Budgets $21 Million for Program To Up Beef Production

On November 1, 1973, Ireland joined the European Community (EC) Dairy Herds Conversion Plan, while at the same time continuing its own Beef Cattle Incentive Scheme. Recently Ireland announced it had budgeted about US$21 million for the beef cattle program.

It is estimated by the Irish Government that 70,000 herd owners are participating in the Beef Cattle Incentive Scheme, each with an average herd size of 10 cows per farm. This means that out of Ireland's 2.1 million cows estimated in the June 1973 census, probably over 800,000 cows are now suckling calves for beef. In 1972-73, 64,000 herds, each averaging 9 cows, took part in the scheme.

The Irish plan is aimed at building up the country's beef herd, while the EC program is also a means of reducing dairy surpluses in all EC countries.

In another action, the Irish Government recently released the preliminary statement of Ireland's June 1973 census. It shows a slight decline in all categories of sheep from a total of 4,260,400 in 1972 to 4,212,900 in 1973. Thoroughbred, other riding horses, and ponies increased slightly but a 15-percent drop in working horses brought overall numbers down from 112,100 in June 1972 to 102,700 a year later.

The provisional estimate of 7,001,000 cattle in June 1973 is revised to 6,976,500 head and the hog total is now put at 1,114,400 from the provisional estimate of 1,110,000.

Japan Imports Korean Cattle for Feeding

Some 400 native Korean feeder steers will be exported to Japan under a contract signed by a Korean and Japanese firm. Initial shipment of 175 head was made November 27, 1973. The average liveweight of the shipment was 616 pounds. The contract price calls for payment of US$740 per head ($1.20 per pound) liveweight.

This and other recent developments indicate Japanese consumers may be demanding more beef during 1974.

New Zealand Beef, Lamb Export Prices Drop

The New Zealand export price for beef has turned downward since its September high of 60 U.S. cents per pound (carcass-weight equivalent). The decline to 37 U.S. cents in mid-January reflects lower realizations in the U.S. market but is about equal to export prices at the same time last year.

The export price schedule for prime, light lamb was reduced nearly 6 cents during the week ending January 19 to 35 cents per pound. The drop reflects the January 1 introduction of an 8-percent common tariff in the United Kingdom, increased freight rates, and a drop in the value of the pound sterling. The United Kingdom is a market for about 80 percent of New Zealand's lamb exports.

Status of the export market for New Zealand lamb in Japan is still not clear, but there is considerable concern in the trade over restricted access to shipping and the comparative weakness of the yen. About 65 percent of New Zealand's total mutton exports are to Japan.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 5	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.50	— 2	3.17
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	2.86
U.S. No. 2 Dark Northern Spring:			
14 percent	6.21	—22	2.92
15 percent	(1)	(1)	2.94
U.S. No. 2 Hard Winter:			
12 percent	6.11	—15	2.87
No. 3 Hard Amber Durum	8.78	—12	3.05
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.56	+ 1	2.20
Argentine Plate corn	3.98	— 2	2.40
U.S. No. 2 sorghum	3.45	— 2	2.41
Argentine-Granifero sorghum	3.43	— 1	2.40
U.S. No. 3 Feed barley	2.93	—11	2.00
Soybeans: [3]			
U.S. No. 2 Yellow	7.43	— 7	6.60
EC import levies:			
Wheat [4]	[5] 0	0	.98
Corn [6]	[5] 0	0	.80
Sorghum [6]	[5] 0	0	.55

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Australia Cuts Prices Of Offgrade Wheat

Australia may have a problem marketing one-sixth (70 million bushels) of its current wheat crop which is offgrade, both weather damaged and lightweight because of rust. The Wheat Board is offering offgrade wheat weighing 50 pounds per bushel and upward on the domestic market at prices ranging from US$93 to US$104 per ton. Eight million bushels of 40- to 48-pound wheat are being offered at US$60 a ton.

Considerable quantities of offgrade wheat may be offered in foreign markets.

Canada Hikes Wheat Prices

On January 10, the Canadian Wheat Board announced higher f.a.s. prices for No. 1 spring wheat, 13½ percent protein. Prices were increased 9¼ cents per bushel, ex-Thunder Bay, Atlantic coast, and St. Lawrence; and 19⅜ cents, ex-Pacific coast ports.

These price boosts came after a sizable Japanese purchase on January 9.

Australian Wheat Terminal Workers Return to Jobs

State terminal workers in four of Western Australia's five ports involved in a week-long strike have returned to work pending final settlement. The strike had stalled loading of wheat from Western Australia's excellent crop, a matter of concern to the Government. Although the National Government is also disturbed about possible effects of the oil shortage, there have been no disruptions in wheat shipments to the present time.

SUGAR AND TROPICAL PRODUCTS

European Cocoa Grind Down in Fourth Quarter

West German cocoa bean grindings during the fourth quarter of 1973 amounted to 38,019 metric tons, down 5.5 percent from the similar 1972 period. Grindings for the year amounted to 152,365 tons, up 9.8 percent over the 1972 grind of 138,812 tons.

Fourth quarter 1973 Netherlands grindings totaled 31,970 metric tons, down 3.3 percent from the same period a year earlier. Annual grindings amounted to 122,590 tons, off 1.5 percent from the 1972 level of 124,440.

United Kingdom fourth quarter grind was 25,806 metric tons, down 5.6 percent from the corresponding 1972 period when grindings were 27,330. Total 1973 grind amounted to 106,985 tons, up from 97,739 tons in 1972.

Fourth quarter grind for France totaled 11,684 metric tons, off about 20 percent from the similar 1972 period. However, grindings for the year amounted to 48,412 tons, up slightly from the 1972 grind of 48,057.

U.S. Cocoa Bean Grind Down

U.S. cocoa bean grindings in 1973 totaled 616.1 million pounds, off 4.1 percent from the 1972 level of 642.2 million. Grindings during the fourth quarter of 1973 amounted to only 148.8 million pounds, a drop of 18.3 percent from the corresponding period a year earlier.

Record high cocoa bean prices, tight supplies, and the increased use of cocoa butter substitutes and extenders, all contributed to the smaller grind in 1973.

Brazil To Boost Coffee Prices, Limit Exports

Near the end of December, Brazil announced that it will raise the price of green coffee by more than 13 percent during the first 6 months of 1974. The increase will be made in steps. There were to be similar price increases for Brazilian exports of instant coffee.

Additionally, Brazil's exports are to be limited to 5.1 million bags (132 lb. each) during the January-June 1974 period, compared with 9.1 million during the similar period of 1973.

In making this announcement the President of the Brazilian Coffee Institute said he expected Brazil to earn just as much money from 1974 coffee exports as from 1973 exports, "or maybe more."

Press reports continue to state Brazil plans to import 2.5 million bags of coffee from Africa. If this is done, such coffee would probably be sold to domestic roasters and would release Brazilian coffee for export.

FRUIT, NUTS, AND VEGETABLES

Chile's Apple and Pear Outturns Up in 1974

Chilean apple production for 1974 is estimated at 90,000 metric tons, compared with 70,000 tons the previous year. The pear crop is expected to reach 20,000 metric tons, up 3,000 tons from 1973.

Apple exports in 1973 totaled approximately 20,000 metric tons, about 4,000 tons less than the previous year. This decline was reportedly due to the low exchange rate for fruit. Shipments this season may decline again in view of stronger competition expected from other producing countries.

Pear exports in 1973 were about 5,000 metric tons, slightly below the 1972 level.

Japan Sets Fresh Orange And Tangerine Quotas

On January 16, the Government of Japan officially announced a global quota of 3,500 metric tons of fresh oranges and tangerines for the second half of the Japanese fiscal year (Oct. 1973-Mar. 1974). This brings the total import quota for the year to 15,000 metric tons, a 25-percent increase over that of 1972-73.

During the past season U.S. exports of these two fruits to Japan were valued at US$3.6 million.

Texas Grapefruit Exports May Decline in 1974

Texas grapefruit exports in 1974 will be less than half those of last season, according to Texas handlers. The oil shortage and its economic impact are blamed. Japanese trading companies have cancelled orders for about 130,000 cartons as of mid-January from the Texas Citrus Exchange alone, and future orders are in doubt.

Shipments to Europe have been limited because of a shortage of containers.

TOBACCO

British Firm Hikes Retail Tobacco Prices

Britain's leading tobacco company recently increased the recommended retail price of its tobacco products and the country's two other major tobacco companies are expected to follow suit.

The retail price of a 20-cigarette pack that sold for the equivalent of 64 U.S. cents will be increased by 1 U.S. cent.

Cigarette prices over 64 U.S. cents will be boosted by 2 U.S. cents, as will the price of an ounce of smoking tobacco and each large cigar. The new price for little cigars, in packs of 10, will be 3 U.S. cents higher. Rising leaf costs were cited as the reason for the price hike. The United States supplies about 40 percent of the United Kingdom's leaf tobacco.

The U.K. tobacco industry is reportedly operating at about 90 percent of normal output despite the fuel crisis and a shortened work week.

U.S. Flue-Cured Exports Up

U.S. exports of flue-cured tobacco for the first 5 months of the current marketing year (July-November), at 268 million pounds (farm-sales weight basis) were 41.7 million pounds, or 18 percent, above the 226.3 million pounds shipped during the previous comparable period. November shipments at 79.7 million pounds were 44 percent above the previous November.

Exports to West Europe accounted for virtually all the increased shipments. They were up about one-third from the comparable period a year earlier. Shipments to Japan were almost unchanged.

Pakistan Puts Tobacco On Free Import List

The Government of Pakistan recently placed unmanufactured tobacco on the free import list.

Prior to this action, and subsequent to the Pakistan-India War, import licenses for hard currency were almost impossible to obtain. The Government limited its Public Law 480 purchases primarily to wheat and edible oil and thus stocks of U.S. tobacco have been all but exhausted.

The placing of leaf tobacco on the free list will allow Pakistani manufacturers to obtain foreign exchange for commercial purchases. Reliable sources indicate that Pakistan tobacco manufacturers have contacted U.S. correspondents with a view to buying U.S. leaf. There were, however, no indications as to the magnitude of the forthcoming purchases.

Prior to the East-West split U.S. leaf exports to Pakistan averaged over 1 million pounds annually.

EC To Sell Surplus Tobacco By Auction and Tender

The European Community (EC) Commission recently issued a regulation which provides for sale, by public auction or tender, of tobacco held by Member State intervention agencies. Tobacco sold this way may be either for domestic use or for export.

The new regulation provides in particular that Member States may request the Commission to issue an invitation to tender or to arrange for public auction of baled tobacco in the hands of intervention agencies. The Commission must make a ruling on such a request within 10 days after its receipt. If the Commission's ruling is positive, it must publish in the EC *Official Journal* an invitation to tender or the time and place of an auction.

Invitations to tender must be published not less than 60 days before the closing date of submission of the tender. Within 15 days after the closing date, a decision shall be made which either fixes a minimum selling price or awards no contract. Each offer to tender shall be accompanied by a surety equal to 0.28 units of account per kilogram (about 15 U.S. cents per pound) of raw tobacco.

EC intervention stocks have increased in recent years despite high buyers' premiums (price rebates) and export subsidies. The Italian intervention agency, for example, held as of last August about 35 million pounds of surplus tobacco, over 80 percent of which was burley and oriental varieties. Italy's annual tobacco production is about 150 million pounds.

Japan Postpones Leaf Price Decision

Japan's Tobacco Production Council met in late December to review plans to increase 1974 leaf tobacco prices by 8.26 percent to an average of US$1.31 per pound. The meeting, called at the request of the Japan Tobacco Corporation (JTC) —formerly the Japan Monopoly Corporation—recommended the price decision be postponed until July.

The Council further recommended that JTC use the additional time to study the situation and thereby avoid necessity of revising the price schedule late in the season. The recommendation was based on uncertainty about Japan's economy for the next few months.

The 1973 price schedule was revised upward in September 1973 after originally having been announced in January of that year. The January prices were 7 percent over the 1972 prices and under the revised schedule prices increased 16.4 percent over those of 1972.

In addition to being the third largest market for U.S. leaf exports, Japan also ranks fifth as a producer of tobacco, not including the Communist countries. Although the long-term trend is down, Japan produced an estimated 338 million pounds of leaf tobacco in 1973, up 6 percent from production a year earlier.

FATS, OILS, AND OILSEEDS

Russian Sunflower Crop Much Higher Than Expected

The Soviet Union has reported a record 1973 sunflowerseed crop of 6.75 million metric tons, adjusted for dockage of 8 percent. This represents a 45-percent, or 2.11-million-ton increase over last season's crop. In terms of oil it represents an 881,000-ton increase over last year and a total outturn of 2.8 million tons of sunflower oil.

In terms of meal outturn, the increased production represents 761,000 tons, equivalent to 33.2 million bushels more soybeans.

The magnitude of these production increases seem to indicate that the USSR would not need to import any U.S. soybeans during the current season. Also considerably more Russian sunflower oil should be available for export.

Swiss Oilcake and Meal Imports at Record Levels

Swiss imports of oilcakes and meals during the first 9 months of 1973 totaled 117,488 tons, 116.1 percent higher than the 1972 volume of 54,363 tons. This was a new record. (All tons are metric.)

Imports of oilcakes for other than feed purposes totaled 3,478 tons, compared with 3,231 tons a year earlier, giving oilcake imports a grand total of 120,966 tons, up 110 percent from the previous year. Imports of oilcakes from soybeans for the same period were up 85.7 percent to 82,442 tons and

represented 70.2 percent of all oilcakes imported. Last year's total for the same months was 81.2 percent. The major supplier was the United States with 75.2 percent of the market. The U.S. share in this period of 1972 was 86.9 percent.

Switzerland's imports of fishmeal for feed during the 9-month period was 34,283 tons, down 2.4 percent from the previous period's 45,350 tons. Main supplier was Denmark with 30 percent of the total, followed by Norway, 19.7 percent; Angola, 17.9 percent; and Peru, 14.7 percent. Other suppliers were the Bahama and Bermuda Islands, Chile, France, Morocco, and West Germany.

Meat meal imports during this period totaled 22,980 tons, an advance of 39.8 percent from the 17,171 tons of the same period 1 year earlier. Main suppliers were France, 79.8 percent; West Germany, 10.7; Italy, and Belgium.

Japanese-French Group To Make Molasses Lysine

A Japanese company and a French group of firms have agreed to form a subsidiary to be called Euro-Lysine for the production of lysine from molasses. Construction of the plant will probably depend on the subsidiary's receiving some form of guarantee from the European Community.

Projected to start operation in 1975 at the 5,000-ton level, the plant is expected to have a potential capacity of 10,000 tons annually. Its location has not yet been determined.

Japan's January-November Oilseed, Meal Imports Up

During the January-November 1973 period, Japanese imports of oilseeds and meals totaled 3.82 million metric tons (soybean-meal equivalent), 18 percent above the 3.23 mililon tons imported in the same 11 months of 1972. The aggregate 592,000-ton increase equaled the meal fraction of an additional 27 million bushels of soybeans.

Combined imports of soybeans and meal alone totaled 2.79 million tons (meal basis), compared with 2.39 million the same period of 1972. The increase in imports of soybeans and meal, at 406,000 tons (meal basis), was equal to the protein fraction of nearly 19 million bushels of soybeans additional—69 percent of the import growth during the 1973 period.

Imports of soybeans and meal from the United States during the 11-month period in 1973 rose by 13 percent to 2.45 million tons—the soybean equivalent of 113.5 million bushels. The increase amounted to 12.7 million bushels (soybean equivalent) more than in January-November 1972.

In November, total imports slackened to 241,000 tons (meal basis), 13 percent below those in October, and 5 percent less than a year earlier.

Higher energy costs, shipping delays, and the likelihood of slackened economic growth could restrict Japanese imports somewhat in coming months.

COTTON

U.S. Textile Imports Down

U.S. imports of cotton, wool, and manmade fiber textiles in the first 10 months of 1973 totaled the equivalent of almost 4.5 billion square yards, 16 percent less than in the same months of 1972. Much of the decline in manmade fiber textile imports was attributable to the severe drop in yarn imports, but fabric and apparel imports were also below last year's levels.

The cumulative total of manmade fiber textile imports was just over 3 billion square yards, approximately two-thirds of total textile imports.

Cotton textile imports in the 10-month period totaled 1.4 billion square yards, 18 percent less than in the similar period of 1972. Reduced imports of cotton yarn accounted for much of the decline; however, fabric, apparel, and miscellaneous cotton textile items also showed decreases.

Although the volume of wool textile imports was reduced from the prior year, their value registered a 22-percent increase. The trade deficit in textile manufactures for the first 10 months of 1973 reached just under $1.9 billion, slightly less than in the January-October period of 1972.

GENERAL

Taiwan Cuts Farm Product Tariffs

The Government of the Republic of China has extended duty reductions on certain agricultural products for 1 year. In an effort to curb the rapid rate of inflation in Taiwan, the 50-percent tariff reduction on certain meats, vegetable oils, and other processed food products has been extended to December 7, 1974.

Revised import duties, in percentages, for some of the most important among the 15 agricultural commodities involved (with original duty in parentheses) are: Sheep and goat meat, 20 (30); dried and smoked fish, 46 (65); tomatoes and cabbage, 39 (78); flour, meal, and potato flakes, 33 (65); vegetable oils—peanut, rape, mustard, and colza, 26 (39); meat extracts and meat juices, 39 (78); macaroni and spaghetti, 52 (104).

West Germany—A Billion Dollar Customer for U.S. Farm Goods

Germany has joined the "Billion Dollar Importer Club."

According to official import statistics, the Federal Republic of Germany had imported $1,017.6 million of U.S. agricultural products by the end of the third quarter of calendar 1973. The major commodities comprising that total (in millions of dollars) were: Oilseeds and products, $441; grains and rice, $307; tobacco, $85; hides and skins, $34; fruits and vegetables, $28; and cotton, $27.

Canada Extends Tariff Cuts

The Canadian Government announced January 10, 1974, that most unilateral tariff cuts enacted on February 20, 1973, for 1 year will be extended to June 30, 1974. Canada's temporary tariff reductions, covering a wide range of agricultural goods, were implemented as an anti-inflationary measure. The Canadian Government stated that no further extension would be sought beyond June 30, so as not to impair Canada's position in trade negotiations later in the year with other countries adhering to the General Agreement on Tariffs and Trade.

Agricultural items excluded from the extension are: Fresh asparagus, brussels sprouts, cucumbers, and tomatoes; vegetable pastes and hash; fresh sweet cherries, pears, and strawberries; canned fruit; orange, grapefruit, and blended juices; cattle and beef.

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YIELD CUTS IRAN'S HOPE FOR RECORD COTTON CROP

Early season forecasts of a record 1973-74 (August-July) cotton crop in Iran will not materialize.

September estimates, which placed production this season at just over 1 million bales (480 lb. net), have since been reduced to a level below last year's 955,000 bales. Reliable trade sources in late December were forecasting an outturn of approximately 920,000 bales.

Despite the reduction, Iran has made steady progress in becoming a major cotton producer. Between 1962-63 and 1972-73 the area devoted to cotton in Iran decreased. 16 percent—to about 840,000 acres from roughly 1 million. However, average annual yield has increased nearly 170 percent to boost production 125 percent to a record 955,000 bales in 1972-73. It was only 425,000 bales 10 years earlier.

Iran's major cotton producing area is along the Caspian coast, on land that in 1968 was about 70 percent irrigated. Iran's success in cotton production has been heavily influenced by Government policies which provide for long-term, low-cost loans, and discount prices for fertilizer and insecticides. The adoption of higher yielding varieties and other improved cultural practices has also been encouraged to up production.

Generally good international demand for Iran's cotton—almost all medium-long staple length from 1-1/32 to 1-3/32 inches—has meant a large share of the crop is sold for export. Exports of raw cotton during 1970 and 1971 totaled 494,000 and 437,000 bales, respectively, and represent an average annual share of production of over 65 percent. During the first 8 month of the 1972-73 season, Iran's exports had reached 479,000 bales.

About 15 countries have traditionally accounted for over 90 percent of Iran's cotton exports. Some of these, with their average percentage shares of the 1968-71 market are: Soviet Union, 23; Hungary, 12; Czechoslovakia, 10; Japan, 10; Romania, 7 ;Yugoslavia, 7; United Kingdom, 6; West Germany, 4; People's Republic of China, 4.

USDA statistics show the share of Iranian cotton shipped to these countries between 1968-71 decreasing from approximately 90 percent to just over 55 percent. Preliminary figures for August-March of the 1972-73 season indicate a reversal of this trend, caused by unusually large purchases by the People's Republic of China.

Principal convertible currency buyers are France, the United Kingdom, West Germany, and Japan. Their combined share of Iran's cotton trade now amounts to over 20 percent, up from less than 10 percent in 1968.

Accompanying the steady progress in cotton production has been a gradual but firm upward trend in domestic cotton consumption. During 1962-72, consumption rose to 350,000 bales from 230,000 bales, an increase of over 50 percent. Estimates for 1973-74 call for a 7-percent increase to about 375,000 bales. Statistical trends appear to indicate that while increasing levels of consumption are likely as population numbers increase and the standard of living rises, Iran's cotton industry will remain export oriented.

British Expand Oilseed Crushing Facility

The Anglo-Dutch firm, Unilever, reportedly plans to invest over $15 million to expand its oilseed crushing activities in Britain. The Erith oil works in Kent will be expanded and total production doubled to 1 million tons.

Unilever is increasing capacity at the 19-month old plant in expectation of growing British demand for both oil and protein. The expansion program at the plant should be completed by the end of 1975.

European Onions

Continued from page 9

pliers dropped.

The **United Kingdom's** 1973-74 onion production is estimated at 175,000 metric tons, against 164,000 in 1972-73 and 200,000 in 1971-72. As a result of U.K. production increases in the last decade, imports of onions have decreased steadily. In the period 1968-69/1972-73, U.K. imports dropped an average of 5 percent a year; whereas production rose an average of 26 percent.

Larger decreases in U.K. imports from some countries were compensated for by larger purchases from the Netherlands, Israel, and Hungary.

Between July 1 and October 7, 1973, the United Kingdom imported 4,600 metric tons of onions from the Netherlands, compared with 9,300 metric tons during the same period in the previous season. However, because the season is relatively new, these figures in no way denote an overall growth.

—Based on dispatch from
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